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SUBJECT: INFORMAL MEETINGS OF THE WTO GOVERNMENT PROCUREMENT COMMITTEE DURING THE WEEK OF MAY 30, 2005

11. (U) SUMMARY AND BACKGROUND: DURING THE WEEK OF MAY 30, 2005, THE U.S. DELEGATION, LED BY JEAN HEILMAN GRIER, SENIOR PROCUREMENT NEGOTIATOR, USTR, AND INCLUDING STEPHEN KHO, U.S. MISSION TO THE WTO, AND JOHN LIUZZI, DEPARTMENT OF COMMERCE, PARTICIPATED IN INFORMAL MEETINGS OF THE WTO GOVERNMENT PROCUREMENT COMMITTEE (COMMITTEE). THE COMMITTEE MADE SUBSTANTIAL PROGRESS ON THE REVISION OF THE 1994 GOVERNMENT PROCUREMENT AGREEMENT (GPA) TEXT, SIGNIFICANTLY FACILITATE BY A JOINT UNITED STATES-EUROPEAN COMMUNITIES SUBMISSION ON A NUMBER OF PROVISIONS, AND A JOINT US-CANADA-JAPAN SUBMISSION ON THE DEVELOPING COUNTRIES ARTICLE. THE COMMITTEE ALSO HELD A SESSION ON HORIZONTAL COVERAGE ISSUES, WHICH FOCUSED ON A U.S. SUBMISSION. THE U.S. MISSION HOSTED A QUAD MEETING ON MAY 31. THE U.S. DELEGATION ALSO PARTICIPATED IN A BILATERAL MEETING WITH THE REPUBLIC OF KOREA DELEGATION ON MAY 30. THE NEXT COMMITTEE MEETINGS ARE SCHEDULED FOR THE WEEK OF JULY 18. END SUMMARY.

12. (SBU) QUAD MEETING: THE U.S. MISSION HOSTED A QUAD MEETING ON MAY 31, 2005, WHICH DISCUSSED THE US-EC JOINT SUBMISSION ON REVISION OF THE TEXT AND THE US-CANADA-JAPAN JOINT SUBMISSION ON THE DEVELOPING COUNTRIES ARTICLE. THE QUAD ALSO DISCUSSED THE ORGANIZATION OF THE WORK OF THE COMMITTEE.

13. INFORMAL MEETINGS OF THE COMMITTEE ON GOVERNMENT PROCUREMENT

14. (SBU) HORIZONTAL COVERAGE ISSUES: ON MAY 30, THE COMMITTEE HELD AN INFORMAL SESSION ON THE SO-CALLED "HORIZONTAL COVERAGE ISSUES" PURSUANT TO THE COMMITTEE'S DECISION ON MODALITIES FOR THE NEGOTIATIONS ON EXTENSION OF COVERAGE AND ELIMINATION OF DISCRIMINATORY MEASURES AND PRACTICES (GPA/79), JULY 2004. THE DISCUSSION FOCUSED ON A U.S. SUBMISSION (JOB 3373), MAY 20, 2005, WHICH INCLUDED TEXT PROPOSALS RELATED TO HORIZONTAL COVERAGE ISSUES, SUCH AS BUILD-OPERATE-TRANSFER CONTRACTS, THE DEFINITION OF PROCUREMENT, AND PROPOSED AGREEMENT-WIDE EXCLUSIONS. THE U.S. PAPER ALSO PROPOSED MODIFICATIONS TO THE STRUCTURE AND THE CONTENT OF THE ANNEXES TO ENSURE GREATER UNIFORMITY AND TRANSPARENCY, AS WELL AS TO REMOVE UNNECESSARY REPETITIONS. THE U.S. PROPOSALS WERE INCORPORATED INTO THE REVISION OF THE TEXT. CANADA ALSO TABLED PAPERS ON HORIZONTAL COVERAGE ISSUES.

15. (SBU) REVISION OF THE TEXT: THE COMMITTEE'S INFORMAL DRAFTING SESSIONS ON THE REVISION OF THE AGREEMENT WERE VERY PRODUCTIVE, IN LARGE MEASURE DUE TO THE COMMITTEE'S POSITIVE RESPONSE TO THE JOINT U.S.-EU PROPOSALS ON A NUMBER OF PROVISIONS. THE PROPOSALS WERE INCORPORATED INTO THE TEXT AS THE BASIS FOR CONTINUED NEGOTIATIONS. THE PROPOSALS PROVIDED THE COMMITTEE WITH A BASIS FOR FINALLY MOVING FORWARD ON THE LONG-CONTENTIOUS ARTICLE VIII (CONDITIONS FOR PARTICIPATION). SIMILARLY, THE JOINT SUBMISSION PROVIDED A BASIS FOR SIGNIFICANT PROGRESS ON VALUATION PROVISIONS. ARTICLE XVI (MODIFICATIONS AND RECTIFICATIONS TO COVERAGE) (AND A RELATED PROPOSED COMMITTEE DECISION ON WORKING PROCEDURES FOR ARBITRATION), AND ARTICLE XVIII (CONSULTATIONS AND DISPUTE SETTLEMENT).

16. (SBU) THE JOINT U.S.-CANADA-JAPAN SUBMISSION ON THE DEVELOPING COUNTRIES ARTICLE (JOB 3026), MAY 4, 2005, SERVED AS THE BASIS OF THE COMMITTEE'S DISCUSSION ON THAT ARTICLE. THE EC PROPOSED SEVERAL MODIFICATIONS TO THE PROPOSAL THAT ILLUSTRATED SIGNIFICANT DIFFERENCE ON CERTAIN ASPECTS OF THE ARTICLE, IN PARTICULAR, THE TYPES OF TRANSITIONAL MEASURES THAT SHOULD BE FAVORED. THE EU SUPPORTS A MORE LIBERAL APPROACH TO PROVIDING INCENTIVES FOR DEVELOPING COUNTRY ACCESSION TO THE GPA THAN DOES THE UNITED STATES.

17. INFORMAL BILATERAL WITH THE REPUBLIC OF KOREA

18. (SBU) THE UNITED STATES DELEGATION ALSO HELD AN INFORMAL BILATERAL DISCUSSION WITH THE KOREAN DELEGATION, BASED ON THE LATTER'S REQUEST, ON THE STATUS OF MARKET ACCESS NEGOTIATIONS AND CLARIFICATIONS REGARDING THEIR RESPECTIVE REQUESTS. KOREA ALSO EMPHASIZED THE DIFFICULTIES IT FACED IN LOWERING ITS THRESHOLDS FOR CONSTRUCTION SERVICES, WHICH ALONG WITH JAPAN, ARE HIGHER THAN OTHER PARTIES.

19. NEXT MEETINGS OF THE COMMITTEE

20. (SBU) THE COMMITTEE WILL CONVENE AGAIN THE WEEK OF JULY 18, 2005 WITH THE GOAL OF FINALIZING (TO THE EXTENT POSSIBLE) THE REVISION OF THE NON-MARKET-ACCESS RELATED PROVISIONS OF THE TEXT. THE MAJOR OUTSTANDING ISSUES IN THE TEXT ARE THE PROVISIONS ON DEVELOPING COUNTRIES, THE MEANS AND EXTENT OF INCORPORATING ELECTRONIC PROCUREMENT PROVISIONS INTO THE AGREEMENT, AND CONDITIONS FOR PARTICIPATION, IN PARTICULAR, JAPAN'S CONCERNS THAT ITS SYSTEM DOES NOT COMPLY WITH THE CURRENT REVISION. THE COMMITTEE WILL ALSO TAKE U.S. MARKET ACCESS ISSUES, IN PARTICULAR HORIZONTAL COVERAGE ISSUES, THE UNITED STATES MAINTAINED ITS VIEW THAT BOTH TEXT AND MARKET ACCESS WORK SHOULD CONTINUE TO PROGRESS IN PARALLEL, AND THAT BOTH SHOULD BE COMPLETED BY THE CONCLUSION OF THE DOHA ROUND.

